



San Diego County Water Authority

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March 6, 2013

Ms. Mary D. Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento CA 95814

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

Rainbow
Municipal Water District

Ramona
Municipal Water District

Rincon del Diablo
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

RE: Investment Plan for Cap-and-Trade Auction Revenues

Dear Chair Nichols:

The San Diego County Water Authority is a wholesale supplier of water to six cities, 17 special districts, and the Pendleton Military Reservation. These 24 member agencies in turn provide retail water services to 3.1 million residents for their respective needs and beneficial uses that support a \$186 billion regional economy. The Water Authority purchases approximately 45% of its supplies from the Metropolitan Water District of Southern California (MWD) and for the past several decades has served as MWD's largest customer. Because CARB requires MWD to purchase credits for auxiliary power it buys from out of state in order water from the Colorado River to its service territory, these additional costs are passed on to the Water Authority and MWD's other 25 member agencies.

The Water Authority believes that the direct redistribution of revenue is the most appropriate means towards funding and implementing projects that support AB 32's goal of reducing greenhouse gas emissions. The Water Authority asks that CARB consider an allocation process that directly and proportionately distributes revenues to the local water agencies that were the source of the revenues used to purchase credits so that these agencies can invest in energy efficient and greenhouse gas reduction technologies and programs. A model for implementing such a program is CARB's Carl Moyer Air Quality Standards Attainment Program, which provides grants to local governments for projects that contribute to the cleanup and prevention of air pollution. We request that CARB develop a similar program for distributing revenues collected from water agencies.

Thank you for the opportunity to provide this input.

Sincerely,

Maureen A. Stapleton
General Manager

Cc: Board of Directors

A public agency providing a safe and reliable water supply to the San Diego region

